

Message Text

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PAGE 01 KUWAIT 00553 040640Z

10

ACTION NEA-09

INFO OCT-01 AF-06 ARA-10 EUR-12 EA-10 ISO-00 FEA-01 AEC-07

AID-05 CEA-01 CIAE-00 CIEP-02 COME-00 DODE-00 EB-07

FPC-01 H-02 INR-07 INT-05 L-02 NSAE-00 NSC-05 OMB-01

PM-03 RSC-01 SAM-01 OES-05 SP-02 SS-15 STR-04 TRSE-00

FRB-01 PA-02 PRS-01 USIA-15 /144 W

----- 016132

R 040538Z FEB 75

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 2137

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY BEIRUT

AMEMBASSY CARACAS

AMEMBASSY DOHA

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY LAGOS

AMEMBASSY LONDON

AMEMBASSY MANAMA

AMEMBASSY QUITO

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

USINT BAGHDAD

USMISSION OECD PARIS

USMISSION EC BRUSSELS

UNCLAS KUWAIT 0553

DEPT PASS TREASURY

E.O. 11652: N/A

TAGS: EFIN, KU

SUBJECT: ATEEQI WARMS AGAINST DROP IN DOLLAR VALUE

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1. IN PRESS CONFERENCE FEB 2 KUWAIT MINISTER FINANCE AND OIL

ATEEQI EXPRESSED CONCERN OVER RECENT FALL OF DOLLAR VALUE IN WORLD MARKETS. HE SAID THAT THIS DEVELOPMENT THREATENS PURCHASING POWER OF OIL PRODUCING COUNTRIES SINCE DOLLAR IS STANDARD CURRENCY FOR OPEC OIL SETTLEMENTS. HE LINKED RECENT WEAKNESS OF DOLLAR TO DECISION BY USG TO AUCTION GOLD AND TO ALLOW US CITIZENS TO OWN GOLD AS PRIVATE PROPERTY.

2. LOCAL PAPERS DO NOT AGREE ON WHETHER ATEEQI INTENDS TO CALL FOR AN OPEC MEETING ON THE SUBJECT, BUT THEY AGREE THAT HIS REMARKS CONSTITUTE A WARNING. ATEEQI WAS QUOTED AS SAYING THAT DOLLAR APPRECIATION WAS NOT CONSIDERED AT ALGIERS OPEC MEETING, BUT CONSIDERATION WOULD BE INEVITABLE IF DOLLAR VALUE DROPS FURTHER.

3. LOCAL PAPERS HAVE LINKED ATEEQI'S REMARKS WITH THOSE OF IRANIAN OFFICIALS MADE FOLLOWING MARTINIQUE SUMMIT BETWEEN PRESIDENTS FORD AND GISCARD D'ESTAING. APPARENTLY ATEEQI MET PREVIOUSLY WITH UAE PETROLEUM MINISTER OTAIBA IN KUWAIT FEB 2. OTAIBA WAS IN ROUTE TO RIYADH. NEWSPAPERS SPECULATE THAT DOLLAR PROBLEM WAS DISCUSSED BY BOTH MINISTRIES.

4. COMMENT: KUWAIT TRADITIONALLY HAS BEEN VERY SENSITIVE TO MAJOR SHIFTS IN DOLLAR EXCHANGE RATES. WE THINK IT IS LIKELY THAT ATEEQI WILL INFORMALLY DISCUSS THIS MATTER WITH OPEC COLLEAGUES, ALTHOUGH WE WOULD BE SURPRISED IF THE KUWAITIS WANT A SPECIAL MEETING. ATEEQI HIMSELF POINTED OUT THAT OPEC PRICES HAVE BEEN SET THROUGH SEPTEMBER. IF SITUATION DETERIORATES AND CONTINUES FOR A LONG PERIOD, HOWEVER, KUWAIT CONCERN WILL INCREASE AND ATEEQI MAY SEEK SOME FORM OF ADJUSTMENT.
STOLTZFUS

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Message Attributes

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